



February 13, 2004

Paul Sorensen and Brian Winningham
BST Associates
18413 103rd Avenue NE, Suite A
Bothell, WA 98011

Re: January 30, 2004 letter "BST comments on press release"

Dear Mr. Sorenson and Mr. Winningham:

American Rivers has considered the concerns raised in your letter of January 30, 2004, and we have determined that it is unnecessary and would be inappropriate to post your letter on our website.

American Rivers rejects BST Associates' assertion that we did "not accurately" present the results of the transportation study in our press release and accompanying fact sheets. To the contrary, we have gone to significant lengths to accommodate your views and concerns by providing you an opportunity to comment on our draft release materials, which you did in a letter dated December 22, 2003, and by adjusting the release materials where warranted. In addition, by letter dated January 16, 2004, we explained in detail our response to each of the points you raised.

Your January 30 letter, rather than pointing out inaccuracies, argues about points of emphasis, ignores several changes we have made to address your concerns, and is phrased in a defensive tone that would lead the reader to believe that our release materials contain assertions and characterizations of the transportation study that they do not. Aside from the fact that we have no obligation to post the January 30, 2004 letter on our website, to do so would be clearly inappropriate in light of the fact that it mischaracterizes our release materials and contains assertions that are demonstrably inaccurate, as explained in greater detail below.

Accuracy and emphasis of American Rivers documents:

- **The biological effectiveness of lower Snake River dam removal:** We did not contract with you to provide your opinion on biological matters, and nothing in our release materials remotely implies that BST Associates endorses dam removal from a biological perspective or any other perspective. Our press release clearly states, "BST Associates did not evaluate the efficacy of dam removal as a means to recover salmon and steelhead populations." Our Frequently Asked Questions

(FAQ) fact sheet states that “[t]he organizations that commissioned this study believe that removing the lower Snake River dams will likely be necessary to recover wild Snake River salmon and steelhead to self-sustaining, harvestable levels, but this position should not be attributed to BST Associates. BST did not address the effectiveness of dam removal with respect to salmon and steelhead recovery.” You stated in your December 22 letter that the statement in our FAQ document “adequately reflects [BST’s] position.”

- **Description of existing transportation system:** We were and are under no obligation to include a description of the existing transportation system in our release materials. Our interest is in identifying what it would take to move commodities currently shipped by Snake River barge by other transportation modes if the lower Snake River dams were removed. Accordingly, our release materials emphasize this information, which is our prerogative.
- **Mainline capacity issues:** The mainline capacity issues the transportation study identifies exist with or without dam removal, as stated in the study itself. We have also spoken to other experts on this issue who say that HDR, Inc.’s analysis is based on outdated information, and that it likely overstates the imminence of the Gorge route reaching capacity. Regardless, we do not believe these to be central findings of the transportation study, as the study provides much more concrete information elsewhere on transportation system improvements that would be directly and inevitably be created by dam removal. Since the transportation study is on our website, others are free to read it and decide if they would characterize the study’s central findings differently.
- **Rail-served grain elevators:** We do not misrepresent the transportation study with regard to the section on rail-served elevators. Contrary to your assertion that our press release “calls out” the low estimate for rail elevator upgrades, our press release does not mention rail elevator upgrades. Further, our other relevant release materials (the FAQ document and the upgrades fact sheet) do not emphasize the low estimate for rail upgrades (or other upgrades) more than the high estimate. It would not have been inappropriate to “call out” low estimates in these kind of press materials, but we chose not to accommodate the concerns expressed in your letter of December 22. Regarding the current condition of these elevators, we explain in the FAQ document that “[t]he low-end estimate assumes that rail-served grain elevators can handle increased grain volumes after dam removal.” We also point out that the high-end estimate assumes that these elevators cannot handle that increase. In deference to your December 22 letter, we did not speculate on which scenario is more likely. That said, the transportation study itself quotes Dr. Ken Casavant as saying that a throughput rate of 2.5 is “reasonable” (p. 51). Your January 30 letter, without quantifying the rate, seems to be calling this “reasonable” assumption (depending, of course, on the condition of the elevators, which apparently no one knows) “idealized.” That characterization is inconsistent with the content of the transportation study.

- **Highway costs:** American Rivers' press materials accurately report the transportation study's findings regarding highway costs. Because, as BST Associates acknowledged in its letter to American Rivers of December 22, the transportation study "focused on railroad and elevator costs and did not include road improvement costs, which appears to be an oversight," we presented the road information that the transportation study contains, which is on highway maintenance costs. The other costs the study discusses, including the unsubstantiated estimate of over \$1 billion for various road and rail improvements, appear to be based on projects that are already needed, and would at worst be needed slightly sooner if the dams were removed. Because of the speculative, undocumented, and confusing nature of these estimates, and the fact that the need for these projects does not arise because of dam removal, we have chosen not to highlight this information, which, again, is our prerogative.
- **Bridge and trestle repairs:** Contrary to BST Associates' implication, American Rivers' release materials acknowledge that the transportation study does not estimate the cost of bridge and trestle repairs. See FAQ document, footnote 4, and upgrades fact sheet, p. 2 (main text) and footnote 2.
- **Funding uncertainty:** The transportation study's statement that "there is significant uncertainty" regarding funding for freight system improvements is, in our view, not a key finding of the transportation study. American Rivers contracted with BST for an analysis of changes to the rail and road system that would be needed to cost-effectively replace the lower Snake barge transportation system, not to opine about the likelihood that funding would be available for those changes. In fact, we struck from a draft scope of work an analysis of likely funding sources because we are assuming that Congress would appropriate the necessary funds, and we expressly communicated this to BST before finalizing the scope of work.
- **Shipping rates:** American Rivers' press materials accurately summarize the likely shipping cost increases reported in the transportation study. First, we are under no obligation to report in our release materials every detail and qualification in your report; that's why we posted the study on the web. Second, we are under no obligation to provide a forum for you to supplement your report, and your characterization of the low estimate as "unreasonable" is not substantiated by the report. Third, our materials report the full range of your shipping cost estimates; they do not, as you contend, "focus on the low end of the range." This is the case in the press release, the FAQ document, and the shipping rates fact sheet.
- **Comparison to Army Corps' Analysis:** Finally, we disagree with your implication that we improperly compare the transportation study's estimates with estimates from the U.S. Army Corps of Engineers' 2002 Final Environmental Impact Statement on the impacts of the lower Snake River dams on juvenile salmon. American Rivers' explanation of the different methodologies used by BST and the Corps is entirely consistent with the explanation in the transportation

study. We also make it very clear that the comparisons are American Rivers', not BST's. In direct response to a concern expressed in your December 22 letter, we clarified that there are methodological differences between the BST study and the Corps study. This clarification was made to the press release, the FAQ document, and the shipping rates fact sheet. We also cite directly to the page in the transportation study on which BST's explanation of the differences in methodology can be found.

We regret that differences of opinion about the content of press release and accompanying materials have arisen, but we believe those materials accurately represent the report content for the reasons set forth here and in our response to your January 30 letter. In addition, the full study is available on our website for the interested reader, who can form his or her own opinion as to the most important conclusions of the transportation study.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael D. Garrity". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Michael Garrity